



# MEDIA RELEASE

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DEPARTMENT OF COMMERCE AND INSURANCE

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## **Survey Reveals Nearly Half of Americans Unprepared for Disasters**

*What You Need to Know About Insurance Before Disaster Strikes*

**Nashville, TN** - - Each year, Tennesseans brace for the tornadoes, hurricanes, wildfires and floods that accompany the spring disaster season. This spring many Tennesseans experienced the aftershock of an earthquake. Nearly half of the U.S. consumers are insufficiently prepared- in terms of their insurance coverage- to deal with potential losses, according to new research by the National Association of Insurance Commissioners (NAIC).

The national survey reveals a significant lack of preparedness among consumers in documenting their belongings. Nearly half- 48 percent- said they did not have an inventory of their possessions. Of those consumers who reported having a checklist, 32 percent had not taken any pictures and 58 percent had no receipts validating the cost of their possessions. In addition, 44 percent of respondents acknowledged that they had not stored their inventory in a remote location.

"A comprehensive list of your belongings and their value will help you file an insurance claim after a disaster," said Tennessee Department of Commerce and Insurance Commissioner Leslie Newman. "Creating an inventory and storing it in a safe location away from home is one of the most basic-and most effective- disaster preparedness steps anyone can take to help protect themselves and their financial future."

The survey also found that 43 percent of adults polled owned homeowners or renter's insurance policies that provided a replacement cost payout. Of the remaining consumers, 27 percent indicated their policies insured their homes for the actual cash value, while another 28 percent did not know which type of coverage they purchased.

Actual cash value is the amount it would take to repair or replace damage to a home and its contents after depreciation. Replacement cost is the amount it would take to replace or rebuild a home or repair damages with materials of similar kind and quality, without deducting for depreciation.

"Many consumers are not able to fully recover after a disaster because they don't realize how depreciation can impact their assets," said Newman. "It is important that consumers understand the implications of purchasing an actual cash value policy vs. replacement cost insurance. In the event of a disaster, the difference could mean thousands of dollars in payout."

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## **CONTINUED- SURVEY REVEALS NEARLY HALF OF AMERICANS UNPREPARED FOR DISASTERS**

The NAIC survey also found that the majority of consumers do not have the coverage necessary to protect themselves from specific types of losses that are not reimbursed under standard policies:

- 69 percent do not have earthquake insurance.
- 65 percent do not have flood insurance.
- 56 percent do not have insurance for a water line break.
- 55 percent do not have insurance for a sewer line break.

The Tennessee Insurance Division offers the following disaster preparedness tips for homeowners and renters.

- Know what is and is not covered by your insurance policy. You might need additional protection depending on where you live.
- Store copies of all your insurance policies in a safe location away from your home that is easily accessible in case of disaster. Keep a readily available list of 24-hour contact information for each of your insurance providers.
- Take an inventory of your valuables and belongings. This should include taking photographs or a video of each room.
- Remember to include in your home inventory items that you rarely use (holiday decorations, tools, etc.)
- To enable filing claims more quickly, keep sales receipts and/or canceled checks. Also note the model and serial numbers of the items in your home inventory.
- As you acquire more valuables- jewelry, antiques, art- consider purchasing an additional “floater” or “rider” to your policy to cover these special items.
- Speak with your insurance provider to find out if your policy covers additional living expenses for a temporary residence if you are unable to live in your home due to damage from a disaster.
- Appraise your home periodically to make sure your insurance policy reflects home improvements or renovations. Contact you insurance provider to update your policy accordingly.

For more tips and insurance information, visit [www.tennessee.gov/commerce/insurance](http://www.tennessee.gov/commerce/insurance) or [www.InsureUonline.org](http://www.InsureUonline.org).

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